Canadian Radio-television and Telecommunications Commission

2010–2011

Departmental Performance Report

The Honourable James Moore, P.C., M.P.

Minister of Canadian Heritage and Official Languages

Table of Contents

MINISTER'S MESSAGE 5

CHAIRMAN'S MESSAGE 6

SECTION I: ORGANIZATIONAL OVERVIEW 8

- Raison d'être 9
- Responsibilities 9
- Strategic Outcome and Program Activity Architecture (PAA) 10
- Organizational priorities 11
- Risk Analysis 14
- Summary of Performance 14
- Expenditure Profile 15
- Estimates by Vote 16

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME 17

- Strategic Outcome 18
- Program Activity 1.1: Canadian Broadcasting 18
- Performance Summary and Analysis of Program Activity 19
- Lessons Learned 20
- Strategic Outcome 20
- Program Activity 1.2: Canadian Telecommunications 20
- Performance Summary and Analysis of Program Activity 21
- Lessons Learned 24
- Strategic Outcome 25
- Program Activity 1.3: Internal Services 24
- Performance Summary and Analysis of Program Activity 26

SECTION III: SUPPLEMENTARY INFORMATION 27

SECTION IV: OTHER ITEMS OF INTEREST 33

- Organizational Contact Information 34

MINISTER'S MESSAGE

The Department of Canadian Heritage and its portfolio organizations play an important role in our cultural, social and economic lives. Together, they promote the creation of an environment where all Canadians can enjoy cultural experiences, celebrate their heritage, and take part in building stronger communities. As a Canadian Heritage portfolio organization, the Canadian Radio-television and Telecommunications Commission (CRTC) contributes to these objectives by overseeing a dynamic communications industry.

Canadians are active participants in the global digital economy. They are subscribing to wireless and broadband Internet services in growing numbers, and consuming more digital media—including Canadian television programs and music—than ever before. The technological innovations of the last few years have given us an unprecedented opportunity to share our culture and heritage.

During the past year, the CRTC conducted three major activities that contributed to Canada's vibrant communications landscape. First, it supported the rollout of broadband Internet services to hundreds of communities, ensuring that even more Canadians will be able to enjoy the economic, social and cultural benefits that the Internet affords. Second, it established regulatory policies that give Canadians more opportunities to become involved in their community television and radio stations. Finally, the CRTC acted to protect the privacy of Canadians registered on the National Do Not Call List.

As Minister of Canadian Heritage and Official Languages, I am pleased to present the CRTC's *2010–2011 Departmental Performance Report*. I invite you to take a look at it for an overview of the activities that the CRTC has undertaken over the past year to fulfill its mandate and contribute to the vitality of Canadian society.

The Honourable James Moore, P.C.

Minister of Canadian Heritage and Official Languages

CHAIRMAN'S MESSAGE

I am pleased to present the Canadian Radio-television and Telecommunications Commission's (CRTC's) *Departmental Performance Report* for 2010–2011. The last year was particularly busy as we undertook a number of major activities. Four of them, in particular, demonstrate how the CRTC has upheld consumer interests within a regulatory framework that encourages competition and innovation.

First, after several court challenges, the CRTC ordered Canada's largest telephone companies to rebate more than $310 million to their home telephone customers who reside in urban areas. We also directed these companies to deploy broadband Internet to 287 rural and remote areas—parts of the country in which this service is not yet available. The funds for these initiatives were drawn from the companies' deferral accounts, which had been created at the CRTC's request as a way of favouring competition in the home telephone market.

Second, the CRTC took steps to give Canadian consumers a wider choice of Internet service providers (ISPs). We established a framework under which independent ISPs can offer their retail customers connections at the same speeds as those available to the customers of large telephone companies. We also required cable companies to ensure independent ISPs can connect to their networks just as easily as to those of the large telephone companies.

Third, the CRTC reviewed two major ownership transactions that combined were worth more than $4.7 billion. In approving Shaw Communications' acquisition of Canwest Global Communications and BCE's acquisition of CTVglobemedia, we required the purchasers to allocate more than $425 million over seven years to initiatives that will improve the Canadian broadcasting system. In light of increased consolidation in the broadcasting industry, we subsequently launched a proceeding to ensure vertically integrated companies do not engage in anti-competitive behaviour.

Finally, the CRTC made significant progress in protecting Canadians' privacy by enforcing the telemarketing rules and the National Do Not Call List. Through these activities, we collected more than $1.8 million in penalties on behalf of the Receiver General for Canada and more than $740,000 in payments to post-secondary institutions. We also prepared ourselves to enforce Canada's new anti-spam legislation by hiring staff and creating a specialized computer laboratory.

The emerging digital economy has put increased pressure on the CRTC's ability to oversee a highly regulated communications system. The technology, business models and corporate

structures that have long underpinned the industry are experiencing fundamental change. In the coming year, we will continue to engage stakeholders, government partners and the public to ensure that Canadians are able to participate in the digital economy to the fullest extent possible

Konrad von Finckenstein, Q.C.

SECTION I: ORGANIZATIONAL OVERVIEW

Summary Information

Raison d'être

The Canadian Radio-television and Telecommunications Commission (CRTC) is an independent public authority that regulates and supervises the Canadian broadcasting and telecommunications systems in the public interest, according to the policy objectives established in the *Broadcasting Act* of 1991 and the *Telecommunications Act* of 1993.

The CRTC seeks to balance the needs of Canadians and those of the communications industry. Through its regulatory activities, the CRTC addresses various economic, social and cultural issues related to the communications industry. For example, the CRTC fosters:

- a competitive marketplace in which Canadian communications enterprises create jobs and value for Canadians
- Canada's linguistic duality and cultural diversity
- enhanced accessibility for people with disabilities, such as closed captioning for the hearing impaired and described video for the visually impaired, and
- the development of mechanisms to address concerns, such as abusive comments or violence in the broadcast media, or rates for telephone services.

Responsibilities

The CRTC exists under the authority of the *Canadian Radio-television and Telecommunications Commission Act* of 1985. The CRTC's mandate is governed by the *Broadcasting Act* of 1991 and the *Telecommunications Act* of 1993.

The *Broadcasting Act* seeks to ensure that Canadians have access to a wide variety of high-quality Canadian programming. The *Telecommunications Act* seeks to ensure that Canadians have access to reliable, high-quality telephone and telecommunications services at affordable prices.

The CRTC fulfills its responsibilities through a number of interrelated activities such as:

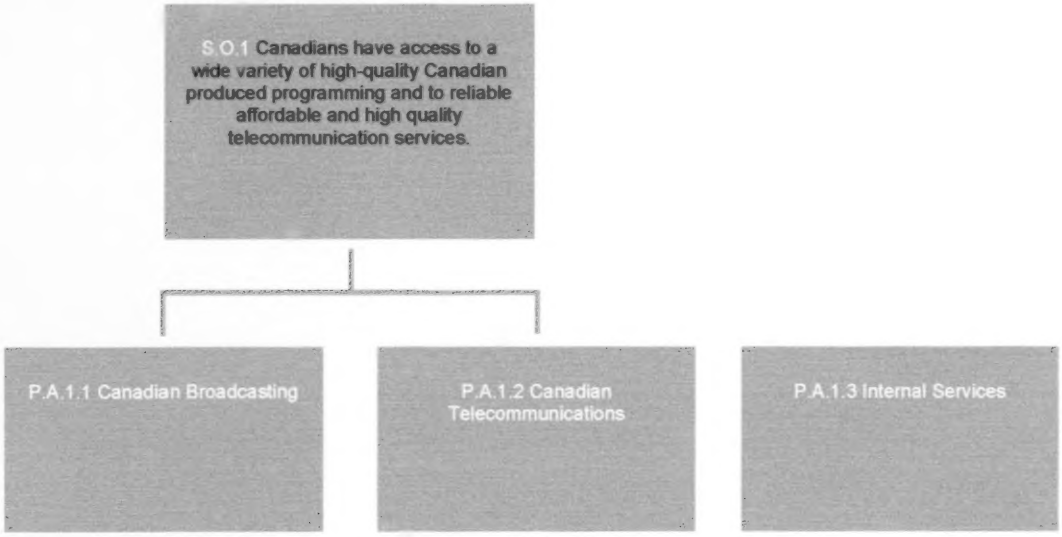
- consulting and informing Canadians through its website and public processes
- issuing, renewing and amending licences for broadcasting services
- making determinations on mergers, acquisitions and changes of ownership
- approving tariffs and certain agreements for the telecommunications industry
- monitoring and removing obstacles to competition
- resolving competitive disputes
- researching, developing and implementing regulatory policies
- monitoring, assessing and reviewing the programming and financial obligations of broadcasting undertakings, and
- administering the National Do Not Call List and enforcing the telemarketing rules.

In fulfilling its mandate, the CRTC is guided by four principles: timeliness, transparency, fairness and predictability.

In addition, the CRTC works diligently to ensure the communications sector is regulated fairly, effectively and efficiently, and in a manner that fosters increased reliance on market forces. It endeavours to keep its regulatory policies current by taking into account emerging technologies and market developments, as well as evolving consumer interests.

As a federal organization, the CRTC reports to Parliament through the Minister of Canadian Heritage and Official Languages. As an organization listed in Schedule 1.1 of the *Financial Administration Act*, the CRTC's budget and employees are subject to Government of Canada policies and guidelines, which ensure excellence and accountability to Canadians.

Strategic Outcome and Program Activity Architecture (PAA)


S.O.1 Canadians have access to a wide variety of high-quality Canadian produced programming and to reliable affordable and high quality telecommunication services.
P.A.1.1 Canadian Broadcasting
P.A.1.2 Canadian Telecommunications
P.A.1.3 Internal Services

During 2010–2011, the CRTC was guided by one overarching strategic outcome: Canadians have access to a wide variety of high-quality, Canadian-produced programming, and to reliable, affordable and high-quality telecommunication services. Three program activities facilitated results under this strategic outcome:

- **Canadian Broadcasting** deals specifically with activities and priorities that pertain to the broadcasting sector
- **Canadian Telecommunications** deals with activities and priorities that stem from the telecommunications sector, and
- **Internal Services** includes corporate activities that support the CRTC's operations.

Organizational priorities

Priority: Transition from analog to digital television	Type: Ongoing	Program Activity 1.1: Canadian Broadcasting

Status: Met All

- Mandated markets (the National Capital Region, provincial capital cities, and markets either served by more than one local station or with populations greater than 300,000) are expected to convert to digital television by August 31, 2011.
- The CRTC processed more than 150 applications on an expedited basis to ensure that broadcasters convert their transmitters to meet the deadline.
- The CRTC worked with the Department of Canadian Heritage and Industry Canada to ensure an orderly digital transition, in support of the Government of Canada's spectrum-management policy and in keeping with international spectrum requirement.

Priority: Convergence	Type: Ongoing	Program Activity 1.1: Canadian Broadcasting

Status: Met All

- The CRTC created a cross-sectoral task force to look at the effects of convergence on the regulatory approaches developed by the CRTC in order to achieve the objectives of the *Broadcasting Act* and the *Telecommunications Act*.
- On March 24, 2011, the CRTC hosted a roundtable to discuss trends that affect the Canadian communications industry as well as future regulatory approaches. Attendees included representatives from global broadcasting and telecom companies, domestic and international regulators, consumer groups and academics. This event was an important part of the CRTC's ongoing evaluation of regulatory approaches for the Canadian communications industry.

Priority: Enhanced 911 emergency services	Type: Ongoing	Program Activity 1.2: Canadian Telecommunications

Status: Met All

- Canadian wireless service providers recently upgraded their 911 services to enable emergency responders to determine with greater precision the location of 911 calls that originate from cellular phones.
- Improvements to enhance 911 emergency services for wireless and various Voice over Internet Protocol (VoIP) services have helped improve public safety and provided Canadians with more reliable services.
- In 2010–2011, the CRTC reviewed the feasibility of further enhancing 911 services for VoIP subscribers who use this telephone service away from home. The CRTC held a public consultation on this matter and expects to issue a follow-up decision in 2011–2012.
- A trial of text-to-911 service to improve access to 911 by persons with hearing or speech limitations is currently ongoing. The trial is being conducted with several wireless service providers in a number of regions of the country.
- The CRTC will continue to monitor technology developments that could improve the safety of Canadians.

Priority: Canada's anti-spam legislation	Type: New	Program Activity 1.2: Canadian Telecommunications
Status: Expectations Met • In 2010–2011, the CRTC hired personnel to lead its Electronic Commerce Enforcement Team. When Canada's anti-spam legislation comes into force, this team will perform investigations and manage enforcement activities to counter spam, botnets and malware. • The Commission began developing processes and creating a forensic lab to prepare for the legislation's implementation, which is expected to be in early 2012.		

Priority: Television renewals based on ownership groups	Type: Previously committed to	Program Activity 1.1: Canadian Broadcasting
Status: Met All • In 2010–2011, the CRTC implemented a new policy framework for the group-based licensing of private, English-language television services. The policy will ensure large ownership groups make significant contributions to the production of Canadian programming. • The CRTC launched a public proceeding and completed 60 percent of the work related to the licence renewals for more than 130 television services affiliated with the private, English-language ownership groups.		

Priority: Revisions to wholesale rates and terms	Type: Previously committed to	Program Activity 1.2: Canadian Telecommunications
Status: Met All • The CRTC continued its review of regulated wholesale services that are used by competitors to provide their own retail telephone and other telecommunications services. • Following a proceeding, the CRTC completed its review of wholesale high-speed Internet access services. The Commission confirmed that incumbent telephone companies must make these services available to competitors at speeds that match those offered to their own retail customers. The CRTC also made it easier for independent Internet service providers to connect to large cable companies' networks in order to offer services to Canadians. • The CRTC also issued its decision following a review of the rates that telephone companies charge other companies for as access to poles, conduits, telephone lines and other support structures that extend to customers' homes.		

Management Priorities

Priority: A streamlined regulatory approach	**Type:** Previously committed to	**Program Activities 1.1 and 1.2:** Canadian Broadcasting and Telecommunications

Status: Met All

- The CRTC *Rules of Practice and Procedure* came into force on April 1, 2011. This change improved the CRTC's ability to meet the needs of a converging and increasingly competitive market.
- To prepare for the launch of the new converged rules, the CRTC adapted internal processes and enhanced its website to facilitate and expedite the filing and publication of official documents.
- The CRTC redesigned its online intervention form to ensure that information submitted by interveners is complete and therefore requires less follow up by staff.

Priority: Evaluations and audit follow-up	**Type:** Previously committed to	**Program Activities 1.1 and 1.2:** Canadian Broadcasting and Telecommunications

Status: Met Most

- The CRTC continues to enhance its effectiveness and efficiency to better serve Canadian citizens and the communications industry.
- Senior management finalized its response to the recommendations of the internal audit that reviewed the CRTC's regulatory processes, systems and procedures.
- The CRTC launched a series of enhancements to its information technology that will continue through 2011–2012. Some of these initiatives have been delayed due to resource constraints and other operational imperatives.

Priority: An improved organization	**Type:** Previously committed to	**Program Activities 1.1, 1.2. 1.3:** Canadian Broadcasting, Telecommunications and Internal Services

Status: Met Most

- The CRTC pursued and expanded upon the initiatives supporting renewal in the federal public service.
- Initiatives such as talent development and continuity planning were carried out throughout the organization to address anticipated retirements in key positions and ensure sufficient knowledge transfer.
- The CRTC has harmonized its IT planning process to reduce complexity, promote system integration and optimize service delivery. The CRTC will continue to improve its electronic communication capabilities, implement an integrated case-management system, increase access for Canadians to a broad range of information, and develop an IT risk-management program and governance model.
- The CRTC is working on a five-year roadmap to identify specific projects that will facilitate its IT and corporate strategic objectives.

Risk Analysis

Digital transition

In the summer of 2010, the CRTC estimated that as many as 857,500 households that rely on over-the-air television could be affected by the transition. The CRTC worked with stakeholders to ensure the transition occurs smoothly. In particular, it has taken steps to inform Canadians of the transition and minimize the loss of service for viewers.

Modern regulatory tools

The *Telecommunications Act* was drafted at a time when few service providers and technologies existed in the market. The number of providers, and variety of services each offers, has increased as a result of convergence and technological innovation. The *Telecommunications Act* does not provide the CRTC with flexible tools, such as the ability to impose administrative monetary penalties in all areas of its mandate, which are required to enforce compliance with regulations in the new environment.

Enforcement of Canada's anti-spam legislation

The task of enforcing Canada's anti-spam legislation not only presents new development opportunities for CRTC staff, but also introduces a new enforcement dynamic to the CRTC. For example, the CRTC will perform investigation and enforcement-related activities that differ significantly from its usual regulatory duties. These activities require a combination of skills related to law enforcement and cyber crime that are not readily available within the CRTC.

Mediation

The CRTC expects that further reliance on market forces in the telecommunications and broadcasting industries will increase the number of competitive disputes. The CRTC will be called upon to resolve these disputes efficiently and effectively.

Summary of Performance

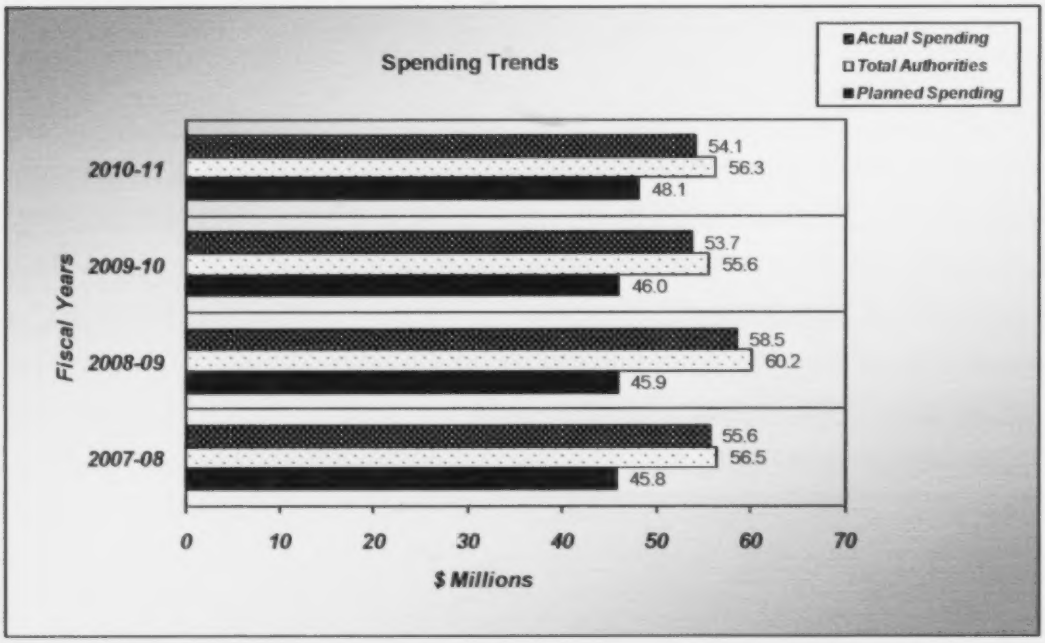
2010–11 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
48.1	56.3	54.1

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
425	418	-7

Expenditure Profile



In 2010-2011 the Commission received permanent funding for the statutory responsibilities associated with the Anti-Spam Legislation and temporary funding for the National Do Not Call List (NDNCL). The increase in total authorities and actual spending in comparison to the previous fiscal year are attributable to the Anti-Spam funding.

The total authorities also include the amount authorized for the operating budget carry-forward and applicable Treasury Board vote transfers.

Strategic Outcome: Canadians have access to a wide variety of high-quality Canadian produced programming and to reliable, affordable and high-quality telecommunication services.

Performance Indicators	Targets	2010–11 Performance
Percentage of Canadian content broadcast across radio and television services.	Between 35% and 55%.	Radio and television services are meeting the targets of 35% and 55% for the broadcast of Canadian content.
Percentage increase in rates for basic telephone service.	Below rate of inflation.	Since 2002, the telephone price index has been consistently below that of the consumer price index.
Percentage of Canadians with access to landline and mobile telephone services.	More than 98%.	99% of Canadians have access to landline and mobile telephone services.

($ millions)

($ Millions)	2009-10 Actual Spending	2010–2011 Main Estimates	2010–2011 Planned Spending	2010–2011 Total Authorities	2010–2011 Actual Spending	Alignment to Government of Canada Outcome
Canadian Broadcasting	19.7	17.5	17.5	18.3	20.0	A Vibrant Canadian culture and heritage
Canadian Telecommunications	18.6	14.1	14.1	18.1	19.1	A fair and competitive market place
Internal Services	15.4	16.5	16.5	19.9	15.0	
TOTAL	53.7	48.1	48.1	56.3	54.1	

Estimates by Vote

For information on our organizational Votes and statutory expenditures, please see the 2010-11 Public Accounts of Canada (Volume II) publication. An electronic version of the Public Accounts is available on the Public Works and Government Services Canada website[1].

[1] See Public Accounts of Canada 2010, http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Strategic Outcome

Canadians have access to a wide variety of high-quality, Canadian-produced programming and to reliable, affordable and high-quality telecommunication services.

Program Activity 1.1: Canadian Broadcasting

2010–11 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
17.5	18.3	20.0

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
133	140	7

Program Activity Description: Canadian broadcasting system

Expected Results	Performance Indicators	Targets	Performance Status
The Canadian broadcasting system consists of a variety of voices that represent Canada's linguistic and cultural diversity.	Percentage of radio selections that must be Canadian.	35%	Radio and conventional television broadcasters are meeting these targets.
	Percentage of conventional television content that must be Canadian.	55%	
	The levels of diversity of voices for radio and television stations.	An entity may control no more than: 45% of the national television audience share three radio stations operating in the same language, with a maximum of two stations in either frequency band (in large markets), and two AM and two FM in the same language (in smaller markets).	All entities that control radio and television stations in Canada are currently under the targets.
Canadians continue to have access to the broadcasting system through traditional and new platforms.	Conventional television stations in mandated areas planned the transition from analog to digital transmission.	100%	All conventional television stations in mandated areas prepared to make the switch from analog to digital transmission.

Performance Summary and Analysis of Program Activity

Eligible satellite and cable services

In December 2010, the CRTC called for comments on proposed amendments to the Broadcasting Distribution Regulations, which affect Canada's cable and satellite television providers. These amendments reflect determinations made by the CRTC in proceedings related to the regulatory frameworks for broadcasting distributors and community television, as well as the transition to digital television. Public comments have been received and this project is 90-percent complete. The new regulations will come into effect on September 1, 2011 and provide Canadians with a greater choice of programming.

Accessibility policy

When issuing and renewing television licences in 2010–2011, the CRTC imposed conditions of licence to improve the quantity and quality of closed captioning for persons who are deaf and hard of hearing, and to require described video and audio description to make programming accessible to persons with visual impairments.

When issuing and renewing licences for broadcasting distributors, the CRTC imposed requirements to ensure subscribers can easily access described video and customer information and support.

Reviews of community television and community and campus radio

On August 26, 2010, the CRTC unveiled a new community television policy that will come into effect on September 1, 2014. Under the new policy, the CRTC will require that community members be involved in the creation of at least half of a community channel's programming. Original programming ideas must come from members of the community, who must also be involved in some aspect of the production. At least half of a channel's programming expenditures will have to be devoted to this type of programming, to community outreach initiatives and to the training and development of volunteers.

On July 22, 2010, the Commission announced a new policy to strengthen the community and campus radio sector. The Community Radio Fund of Canada (CRFC) will receive more than $700,000 in additional annual funding to support the implementation of this new policy. The CRFC will distribute that additional money among the more than 140 communities and campus radio stations.

Local Programming Improvement Fund (LPIF)

At the conclusion of its first full year of operations in November 2010, the LPIF had provided more than $100 million in support to conventional television stations for the production of local programming in communities across Canada. Independently administered, the LPIF was created to help maintain or increase local programming for Canadians who live in non-metropolitan communities. The CRTC will review the LPIF's terms and conditions in 2011–2012.

Licence applications

The CRTC conducted 20 public hearings to consider applications for new radio licences, ownership transactions, television licence renewals, and various other broadcasting matters. This represented an increase of 43 percent from the 14 hearings held the previous year.

Group-based licensing policy

Under the CRTC's new group-based licensing policy for English-language television services, large private ownership groups will provide a significant level of funding for the production of Canadian programming. These entities will have the flexibility to shift resources between their conventional and specialty television services, which will maximize their ability to broadcast high-quality Canadian programming.

Loud television commercial
International standards and technical equipment that enables broadcasters and broadcasting distributors to measure and control the loudness of commercials have been developed in recent years. In February 2011, the CRTC sought comments on whether these measures could be adopted for the Canadian broadcasting system.

Mediation
In January 2009, the CRTC introduced revised procedures for staff-assisted mediation, final-offer arbitration and expedited hearings. During 2010–2011, the Broadcasting Alternative Dispute Resolution team was involved in four formal and fifteen informal disputes. On the Telecommunications side, the Dispute Resolution team was involved in 25 informal disputes, in addition to the competitive disputes resolved through the formal process.

Statistical and financial summaries
All sectors of the broadcasting industry experienced growth in 2010. Pay and specialty television revenues increased by 11.1 percent, conventional TV stations by 9.9 percent, broadcasting distribution by 8.9 percent and commercial radio stations by 2.9 percent.

In 2010, the broadcasting industry contributed more than $2.9 billion to the creation of Canadian programming.

Lessons Learned

The broadcasting industry faces a growing challenge. The business models of conventional television stations involved in the production and presentation of Canadian content are under strain. Broadcasters claim they are having a difficult time meeting their regulatory obligations in the face of the pressures created by the current global economic context. Other factors include the wide array of choices available to consumers—such as specialty, pay and online television services—that are causing a fragmentation among audiences. Some of these services are regulated by the CRTC, while others are exempt.

Strategic Outcome

Canadians have access to a wide variety of high-quality Canadian-produced programming and to reliable, affordable and high-quality telecommunication services.

Program Activity 1.2: Canadian Telecommunications

2010–11 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
14.1	18.1	19.1

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
130	134	4

Program Activity Description: Telecommunications services

Expected Results	Performance Indicators	Targets	Performance Status
Canadians have access to reliable, high-quality telephone and other telecommunications services at just and reasonable rates, while service providers have incentives to operate more efficiently and be more innovative.[2]	The percentage of Canadians who have access to wireline and wireless services.	99%	99% of Canadians currently have access to wireline or wireless services
	The percentage of Canadians who have access to the advanced wireless network that supports smartphones and other innovative features and services.	97%	97% of Canadians have access to advanced wireless networks.

Performance Summary and Analysis of Program Activity

- Telecommunications revenue increased by 1.8 percent—from $41 billion in 2009 to $41.7 billion in 2010.
- For the year ending March 31, 2011, the CRTC continued to share the responsibility for Canadian ownership reviews of wireless service providers with Industry Canada.
- The CRTC worked with Industry Canada to review issues such as data collection and the application and interpretation of the legal and *de facto* control test.
- More than three quarters—77 percent—of Canada's 13.4 million households have Internet subscriptions.
- Adoption of wireless services continues to grow. The number of wireless subscribers increased by 8.5 percent to 25.8 million.

[2] The CRTC is in the process of updating its Performance Management Framework with this Expected Result.

Internet Traffic Management Practices

Canadians use the Internet for a wider variety of communications purposes than ever before. As a result, the CRTC must strike an appropriate balance between Canadians' freedom to use the Internet with the legitimate interests of ISPs to manage network traffic consistent with legislation. In 2010–2011, the CRTC reviewed the practices of ISPs in response to complaints.

Review of the Commissioner for Complaints for Telecommunications Services (CCTS)

In December 2010 and January 2011, the CRTC issued its determinations with respect to the CCTS's structure, mandate and membership requirement. The CRTC concluded, among other things, that all telecommunications service providers that offer services within the scope of the CCTS's mandate must be members of the CCTS for a period of five years. The CRTC also established a new procedure for the development and approval of mandatory industry codes of conduct and standards, and required the CCTS to include additional information in future annual reports to enhance its accountability and transparency.

National Do Not Call List (DNCL)

The CRTC's goal is to promote compliance with the Unsolicited Telecommunications Rules in order to protect the privacy of Canadians. As of March 31, 2011, the Commission has issued 31 administrative monetary penalties worth a combined total of $1,995,000, of which $1,820,375 has been collected. A third-party survey indicated that eight in ten Canadians registered on the National DNCL now receive fewer telemarketing calls.

The CRTC has taken action against a number of telemarketers by issuing citations and notices of violation, among other enforcement activities. A list of violators can be found at: http://crtc.gc.ca/eng/telemarketing.htm

To address the challenges posed by calls coming from international telemarketers, the CRTC is pursuing several activities—such as outreach programs—to educate both telemarketers and consumers. The CRTC is also establishing ties with regulators in countries where some of the rogue telemarketers originate.

Accessibility policy

The CRTC oversaw the implementation of its requirement that local telephone companies provide a new Internet protocol message relay service for persons with hearing or speech impairments.

As of July 2010, the Commission required telephone companies to improve customer information and support for persons with disabilities by promoting information on their disability-specific services and products in an accessible manner and incorporating links to the special needs/disabilities sections of their websites.

In December 2010, the CRTC commissioned an assessment to study the availability of accessible wireless handsets in the Canadian marketplace.

Telecommunications regulations review

A focused and modernized regulatory framework enables telecommunications service providers to operate under fewer and more current regulations, and helps the industry function in a competitive environment. In 2010–2011, the CRTC continued to review economic, non-economic, and social regulatory measures in light of Governor-in-Council's Policy Direction.[3]

---

[3] *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, December 14, 2006.

Some of the measures the CRTC reviewed included the obligation to serve, the basic service objective, the local-service subsidy regime, the local competition regime in the territories of small incumbent telephone companies, and voice mail services.

Enforcement of Canada's anti-spam legislation

On December 15, 2010, Bill C-28, Canada's anti-spam legislation received royal assent. Because the CRTC is responsible for ensuring the reliability, safety and proper operation of telecommunications networks in Canada, its mandate will now include aspects of the Internet. The Commission will achieve this goal through the investigation of spam, as well as unauthorized downloading of malware and network re-routing. The CRTC will conduct targeted investigations, promote compliance and enforce the legislation.

Telephone numbering resources

A number of Canadian area codes are running short on new telephone numbers due to the overall growth in the telecommunications market including the growing popularity of cellphones. The CRTC approved proposals to introduce new areas codes in the regions currently served by area codes 204 in Manitoba and 289 and 905 in Southern Ontario. The Commission also established planning committees to develop relief proposals for anticipated number shortages in area codes 416 and 647 in Toronto, and area codes 250, 604 and 778 in British Columbia.

Customer transfer process

The Commission established measures to simplify the processes by which customers change their telecommunications or broadcasting service providers. Under the revised transfer process, customers may cancel services on their own or their new providers may act on their behalf. In both cases, customers may receive competitive offers from their current service providers.

Pricing of wholesale Internet access services

The CRTC initiated a proceeding to re-examine the manner in which Internet service providers will be billed for wholesale access and usage of the incumbents' networks.[4]

Deferral accounts

The large incumbent telephone companies' deferral accounts had been created at the CRTC's request as a way to favour more competition in the home telephone market. After a few years, a large surplus had accumulated in these accounts. Following several court challenges, the CRTC directed the companies to rebate $313.3 million to residential telephone subscribers in urban areas.

The CRTC also approved the use of surplus funds to expand broadband Internet services to 287 rural and remote areas in Alberta, British Columbia, Manitoba, Ontario and Quebec, as well as for several initiatives to improve the accessibility of telecommunications services for Canadians with disabilities.

New media

During 2010–2011, the Commission conducted a public process to establish reporting requirements for new media broadcasting services. The Commission established a regulatory policy that requires certain new media broadcasting services to provide relevant financial information when requested by the Commission.

---

[4] Telecom Notice of Consultation CRTC 2011-7.

Further, the Commission established a New Media Reporting Working Group that comprises industry representatives and Commission staff. This group will develop appropriate definitions and metrics for reporting on new media activities.

Lessons Learned

A long planning and implementation process is required to prevent telephone-number shortages. Given the unprecedented demand for telephone numbers, it is necessary to conduct regular forecasts on the supply of available telephone numbers.

New technologies can provide effective ways to increase public participation in the CRTC's telecommunications-related activities. In 2010–2011, the Commission included online public consultations as part of some of its most significant proceedings.Strategic Outcome

Canadians have access to a wide variety of high-quality, Canadian-produced programming and to reliable, affordable and high-quality telecommunication services.

Program Activity 1.3: Internal Services

2010–11 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
16.5	19.9	15.0

2010–11 Human Resources (FTEs)

Planned	Actual	Difference
162	144	(18)

Program Activity Descriptions: Streamlined and converged rules

Expected Results	Performance Indicators	Targets	Performance Status
The CRTC incorporates a new streamlined regulatory framework and reporting process for industry.	Number of streamlined and converged rules.	All rules of procedure converged.	The CRTC completed its review of the *CRTC Rules of Procedure* (for broadcasting processes) and the *CRTC Telecommunications Rules*. On April 1, 2011, the CRTC introduced new streamlined and converged *Rules of Practice and Procedure* for both broadcasting and telecommunication processes. At the request of the industry, the CRTC will undertake a review of

			nine additional regulatory measures.
The CRTC is an innovative, expert and effective organization.	Percentage of leadership positions filled.	All leadership positions filled.	
	Percentage of development plans in place for CRTC workforce.	90%	The CRTC achieved the 90% target through initiatives such as talent development and continuity planning. These initiatives were carried out to address anticipated retirements in key positions and ensure sufficient knowledge transfer.
	Percentage of employees who identify themselves as visible minorities.	25%	The percentage of employees currently at the CRTC who identify themselves as visible minorities is 29%.

Performance Summary and Analysis of Program Activity

Human resources

Leadership-development programs have been rolled out, with training being expanded to include non-EX staff members. Knowledge transfer is facilitated through recurring CRTC orientation programs and other professional development opportunities. Job standardization is being pursued and is expected to be in place by October 2011.

Initiatives such as talent development and continuity planning were carried out to address anticipated retirements in key positions and ensure sufficient knowledge transfer.

Information technology (IT) risk management

The CRTC hired a consultant to prepare observations and recommendations in relation to IT risk management. In addition, the CRTC Information Management /Information Technology Steering Committee re-convened to identify and evaluate planning priorities for 2011–2012.

Electronic communications capabilities were improved through initiatives such as: migration from e-pass to Access Key for enhanced security of electronic submissions; modification of online forms in relation to the *Rules of Practice and Procedure*; enhancement of the e-hearing tool for reduced paper consumption and greater distribution efficiency; development of an instant messaging system to facilitate information sharing among client services staff; and ongoing enhancement of an integrated case-management system.

The CRTC *Rules of Practice and Procedure* will come into force on April 1, 2011. To accommodate such a change, the CRTC revised its internal processes and updated its website to facilitate and expedite the filing and publication of official documents.

Communications Monitoring Report

During 2010–2011, the CRTC collected financial data from telecommunications companies, which it published in aggregated form in the *Communications Monitoring Report*. The report also included the percentage of Canadians who subscribed to different broadband Internet speeds and,

for the first time, mobile broadband results. The mobile broadband results were shared with the Organisation for Economic Co-operation and Development for inclusion on that organization's broadband portal. All data collection forms were reviewed with Statistics Canada and modified as required.

International outreach

During 2010–2011, the CRTC continued its International Outreach Program. Although much of the program's work focused on many of the same activities as in previous years, the CRTC was able to expand the program's reach to two important international organizations: REFRAM, the association of French speaking broadcasting regulators, and the OECD—the Organisation for Economic Co-operation and Development. The CRTC's association with these two organizations has resulted in more accurate international data measurement and comparisons, and an increased exchange of information in the international arena.

The CRTC has taken a lead role toward the development of an international Do Not Call (DNC) network to enhance international cooperation and facilitate enforcement on cross-border cases. Toward this goal, the CRTC along with its Australian counterpart will co-chair the International DNC Forum. The Forum will hold its inaugural meeting in October 2011. The Forum's broad objectives include outreaching to other foreign DNC authorities, developing and sharing best practices, and exchanging information on issues of common interest

Official languages

The CRTC tabled the results of the 2010–2011 report on the implementation of section 41 of the *Official Languages Act* and a three-year action plan (for the years 2011 through 2014) in which it reiterates its commitment to official-language minority communities (OLMCs).

Over the past three years, the CRTC has taken steps to encourage OLMCs to participate in public process that affect them. As a result, the Commission can systematically take OLMC interests into account when making decisions.

SECTION III: SUPPLEMENTARY INFORMATION

Financial Highlights

($ millions)

Condensed Statement of Financial Position At End of Year (March 31, 2011)	**% Change**	**2010-11**	**2009-10 (Restated) (note 1)**
ASSETS			
Total Assets	13.9%	8.2	7.2
TOTAL	13.9%	8.2	7.2
LIABILITIES			
Total Liabilities (note 2)	4.8%	13.1	12.5
EQUITY			
Total Equity (note 2)	-7.5%	-4.9	-5.3
TOTAL	13.9%	8.2	7.2

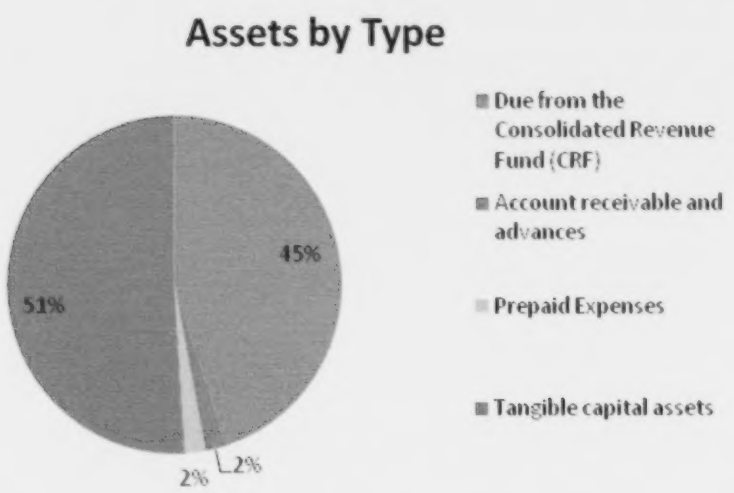
($ millions)

Condensed Statement of Financial Position At End of Year (March 31, 2011)	**% Change**	**2010-11**	**2009-10**
REVENUES			
Total Revenues	-67%	165.0	498.5
EXPENSES			
Total Expenses	-88%	60.2	502.1
NET COST OF OPERATIONS (note 2)		104.8	-3.6

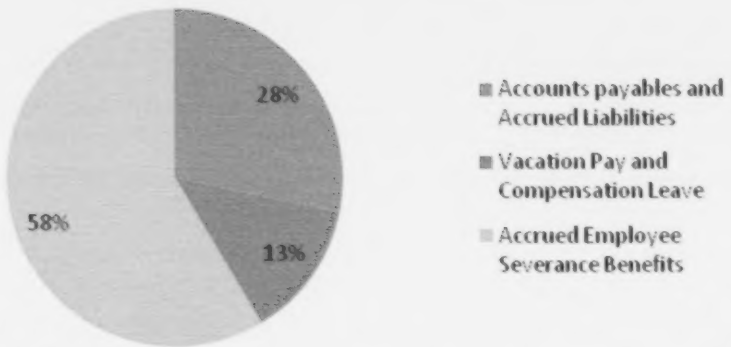
Note 1: During the year, the CRTC adopted the revised Treasury Board accounting policy TBAS 1.2: Departmental and Agency Financial Statements which is effective for the CRTC for the 2010-11 fiscal year. The major change in the accounting policies of the CRTC required by the adoption of the revised TBAS 1.2 is the recording of amounts due from the CRF as an asset on the Statement of Financial Position. The adoption of the new TBAS have been accounted for retroactively and the impact on the comparative figures are shown in the following table:

$million	2009-10 as previously stated	Effect of Change	2009-10 restated
Statement of Financial Position			
Assets	$4.1	$3.1	$7.2
Equity of Canada	-$8.4	$3.1	-$5.3

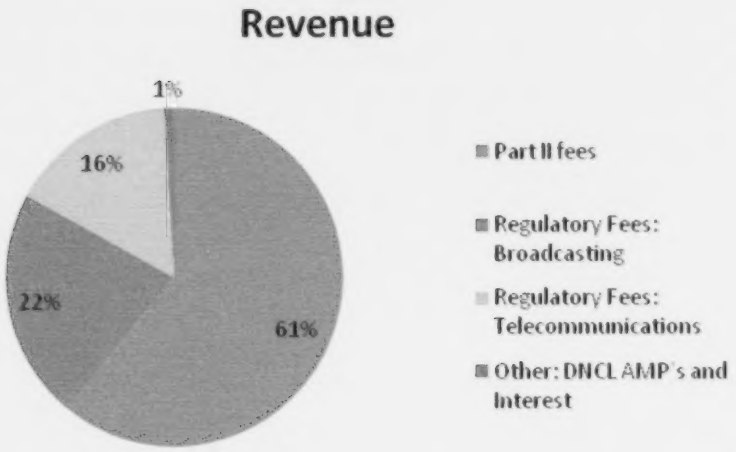
Financial Highlights Charts or Graph



Total assets have increased from $7.2M (restated) in 2009-10 to $8.2M in 2010-11. An increase of over $0.6M is attributable to the Due from the Consolidated Revenue Fund (CRF). The balance of the increase is attributable to the accounts receivable and advances and tangible capital assets. The prepaid expenses are comparable from one year to the other.



Total liabilities have increased by $0.6M from 2009-10 to 2010-11. Most of this increase is attributable to the accounts payable and accrued liabilities and to the accrued employee severance benefits. Vacation pay and compensatory leave have decreased.

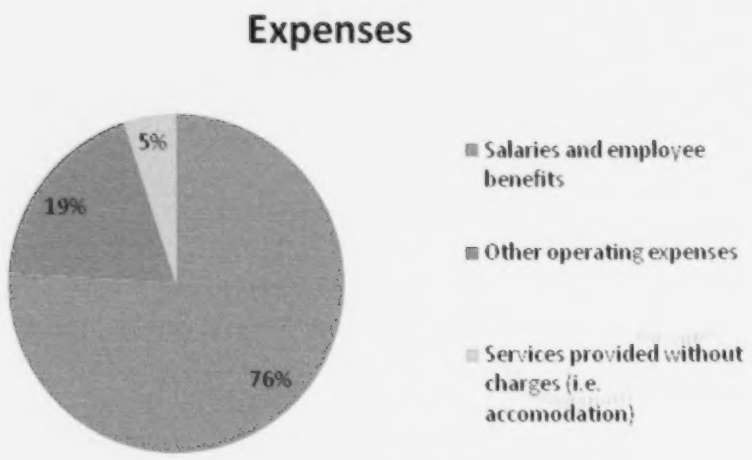


Total revenues have decreased from $498.5M in 2009-10 to $165M in 2010-11. The decrease is mainly attributable to the Part II fees and related interest.

During FY 2009-10, the CRTC recognized in the Public Accounts of Canada and its financial statements the total amount of Part II fees and accrued interest that would have been payable by broadcasters during the three year period FY 2007-08, FY 2008-09 and FY 2009-10 (i.e. for those fees that would have been due and payable on 30 November 2007, 2008 and 2009). This amounted to $433 million ($415 million in fees and $18 million in interest). This total amount was also written off by the CRTC as a bad debt expense in accordance with the authority provided for in the Government's remission order PC Number 2009-1715 dated October 7, 2009 http://www.pco-bcp.gc.ca/OIC-DDC.asp?lang=eng&Page=secretariats&txtOICID=&txtFromDate=2009-10-07&txtToDate=2009-10-07&txtPrecis=&txtDepartment=&txtAct=&txtChapterNo=&txtChapterYear=&txtBillNo=&rdoComingIntoForce=&DoSearch=Search+%2F+List&viewattach=21597

In FY 2010-11 – As a follow up to the recommendation of the Government following the out of court settlement on October 7, 2009, during FY 2010-11 the CRTC implemented a new fee regime with a cap of $100 million for the Part II broadcasting licence fees. Commencing in 2011, this amount will be adjusted annually on a compound basis in accordance with the percentage increase or decrease, as the case may be, to the Consumer Price Index (CPI) for the calendar year

prior to the year of the adjustment. The CPI is the annual average all-items CPI for Canada that is published by Statistics Canada. (See CRTC Broadcasting Regulatory Policy CRTC 2010—476 for additional information http://www.crtc.gc.ca/eng/archive/2010/2010-476.htm)



Total expenses have decreased from $502.1M in 2009-10 to $60.2M in 2010-11. The decrease is mainly attributable to the write off of the Part II Fees and related interest as a bad debt expense in accordance with the authority provided for in the Government's remission order PC Number 2009-1715 dated October 7, 2009.

Financial Statements

Full unaudited Financial Statements of the CRTC for 2010-11, including the Statement of Management Responsibility, are available online at
http://www.crtc.gc.ca/eng/publications1.htm

List of Supplementary Information Tables

All electronic supplementary information tables in the *2010-11 Departmental Performance Report* can be found on the Treasury Board of Canada Secretariat website at
http://www.tbs-sct.gc.ca/dpr-rmr/2010-2011/index-eng.asp)

The tables for *Sources of Respendable and Non-Respendable Revenue* and *CRTC User Fees/External Fees* are also available on the Treasury Board of Canada website.

SECTION IV: OTHER ITEMS OF INTEREST

Organizational Contact Information

A list of CRTC contacts and offices can be found at www.crtc.gc.ca/eng/contact.htm

Streamlined process and service standards

Quarterly report on streamlined processes and service standards for broadcasting amendment applications processed administratively, by notice and licence renewals processed by Notice

http://www.crtc.gc.ca/eng/publications/reports/standards2010.htm

Service standards and performance measure for processing telecommunications applications

http://www.crtc.gc.ca/eng/publications/reports/t_standards10.htm